

**IOWA RACING AND GAMING COMMISSION
MINUTES
MARCH 1, 2007**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, March 01, 2007 at Terrible's Lakeside Casino in Osceola, Iowa. Commission members present were Kate Cutler, Chair; Gerry Bair, Vice Chair; and members Diane Hamilton, Greg Seyfer and Toni Urban.

Chair Cutler called the meeting to order at 8:30 AM, and advised that due to the severity of the weather forecast, the Commission would move through the agenda as quickly as possible. Chair Cutler requested a motion to approve the agenda. Commissioner Bair moved to approve the agenda as submitted. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Cutler called on Damon Butler, General Manager of Terrible's Lakeside, for welcoming remarks. Mr. Butler thanked the Commission for coming to Osceola, providing an opportunity for them to show off the remodeled property. Sean Higgins, representing the Herbst Corporation, also thanked the Commission for coming to Osceola; that the family is excited to be doing business in Iowa, and appreciates the opportunities provided. Mr. Higgins introduced Will Reisinger, representing Clarke County Development Corporation. Mr. Reisinger advised that Herbst Gaming is a pillar within the community, has improved the facility by a factor of ten, and is very hospitable and open to anything the non-profit brings to them. Chair Cutler, speaking on behalf of the Commission, stated that the stay had been comfortable, and the facility looks great.

Chair Cutler moved to the approval of the minutes. Commissioner Urban moved to approve the minutes of the January 11, 2007 Commission meeting as submitted. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Cutler called on Jack Ketterer, Administrator of IRGC, for announcements. Mr. Ketterer introduced Hal May and Linda Ballard, IRGC staff at Terrible's Lakeside.

Mr. Ketterer then recognized Terry Hirsch, Director of Riverboat Gambling, who will be retiring at the end of the month. He stated that he hired Mr. Hirsch 22 years ago, prior to the opening of Dubuque Greyhound Park, and upon his return to Iowa fourteen years ago, promoted him to his current position – Director of Riverboat Gambling. Mr. Ketterer noted that Mr. Hirsch possesses great technical and analytical skills, and that it was a rare occasion when he did not bounce a pending decision off of him. There were times before Mr. Ketterer could call him that Mr. Hirsch would call regarding a pending decision that he had to make or counsel Commission members on. The conversation would always

start with “It really doesn’t matter to me, but”; “It’s not any of my business, you can do what you want, but”; “Don’t get me wrong, I don’t care what you do, but”. Mr. Ketterer indicated those clauses would grab his attention because he knew Mr. Hirsch had been thinking about the issue for quite some time prior to picking up the phone and giving him his take on the situation. Mr. Hirsch’s decisions were always made consistent with the best interest of the Commission and, if they did not conflict, with the best interest of the industry in the State. Mr. Ketterer stated that he never questioned Mr. Hirsch’s loyalty – when Mr. Hirsch knew about a situation, he knew about it. To those who did not know Mr. Hirsch, it was easy to underestimate him; but those who did, often found themselves in a perilous position.

Mr. Ketterer noted that Mr. Hirsch has avoided even the appearance of impropriety or any personal benefit. Mr. Ketterer stated that Mr. Hirsch is one of the brightest people he knows, but his desire to be in the spotlight ranks right along that of Count Dracula. Mr. Ketterer concluded his remarks by noting that Mr. Hirsch provided strict instructions concerning the meeting: “If you have to say something, and I’m not asking you to, OK, but no plaques or pictures, etc.” Mr. Ketterer stated he considered invoking executive privilege, but decided to honor the request for the time being. Mr. Ketterer advised Mr. Hirsch that the State of Iowa, the Commission, industry and he personally, can’t offer enough thanks for all that he has done for them. Mr. Ketterer presented Mr. Hirsch with a designer beer stein decorated with various playing cards.

With regard to upcoming Commission meetings, Mr. Ketterer made the following announcements:

- April Commission Meeting - April 19, 2007 – Ameristar Casino, Council Bluffs, Iowa (Submissions due by April 5, 2007)
- May 2007 – No Meeting
- June Commission Meeting – June 7, 2007 – Stoney Creek Inn, Johnston, Iowa (Submissions due by May 23, 2007)

Mr. Ketterer noted that the Commission would probably do the license renewals en masse, and acknowledged that some had come prepared with updates. He suggested they save those remarks for the April meeting in order to expedite today’s meeting.

Chair Cutler moved to contract approvals and called on Horseshoe Casino/Bluffs Run Greyhound Park (HC/BRGP). Mike Rich, Assistant General Manager, presented the following contracts for Commission approval:

- Konami Gaming – Slot Machine Purchases and Parts
- Players Travel – VIP and Group Travel Arrangements
- Premier Midwest – Beverage Vendor

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by HC/BRGP. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-20)

Chair Cutler called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented the following contracts for Commission approval:

- Aristocrat Technologies, Inc. – Lease Renewal for 8 Cash Express Series Games
- Atronic Americas – Lease of 6 Deal or No Deal Slot Games
- Baker Electric – Various Electrical Construction Projects
- Biermann Electric - Various Electrical Construction Projects
- Correl Contractor, Inc. – Contractor for Excavating and Grading Projects
- Des Moines Asphalt & Paving – Asphalt and Paving Services
- Eco-Tech Construction – Contractor for Concrete Paving
- Elder Corporation - Contractor for Excavating and Grading Projects
- Grimes Asphalt and Paving – Contractor for Asphalt Paving
- Heard Gardens, Ltd. – Landscaping Contractor
- McAninch, Inc. – Racetrack Surface Maintenance, including Excavating and Grading Projects
- Miller Nursery – Landscaping Contractor
- Nuckolls Concrete Services – Contractor for Concrete Paving
- Perennial Gardens – Landscaping Contractor
- Soil-Tek – Soil Erosion Contractor
- Sternquist Construction, Inc. – Contractor for Concrete Paving
- WMS Gaming, Inc. – Lease of 2 Bluebird Upright Video Slot Games
- WMS Gaming, Inc. – Lease of 6 Lives of Luxury Slot Games

Hearing no comments or questions for Mr. Palmer, Chair Cutler requested a motion. Commissioner Bair moved to approve the contracts as submitted by PMR&C. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-21)

Chair Cutler called on Dubuque Greyhound Park & Casino (DGP&C). Bruce Wentworth, General Manager, presented the 45-day Season Approval Plan for the upcoming 23rd year of live racing, which mirrors the plan submitted in previous years.

Hearing no comments or questions for Mr. Wentworth, Chair Cutler requested a motion. Commissioner Bair moved to approve DGP&C's 45-day Season Approval plan as submitted, including the staff recommendation that all appropriate occupational licensing/DCI backgrounds be completed and that DGP&C continue to submit simulcast requests to insure compliance with all regulatory requirements, and the additional contract with United Armored Services for armored car service. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-22)

Chair Cutler advised those in attendance that the next two agenda items – Review of the Year-to-Date Economic Impact Reports and National Problem Gambling Awareness Week – would be tabled until the April meeting.

Chair Cutler moved to the next agenda item – a discussion on whether the Commission should consider additional licenses. She indicated the Commission would hear Public Comment on this matter prior to making their comments. At this time, Steve Siegel, Chairman of the River Hills Riverboat Authority in Ottumwa and a member of the Wapello County Board of Supervisors, advised the Commission that Ottumwa is still interested in having a casino in their community/county. He noted there have been some good things occurring in Ottumwa recently – will be getting a Job Corps facility which will bring approximately 200 jobs, and some of the local businesses have been expanding. Mr. Siegel stated that Ottumwa feels a casino would help both economically and culturally. He feels the proposal submitted in 2004 was good, and will submit another good proposal when the Commission is ready.

Chair Cutler called on Mr. Ketterer, who noted he had two letters – one from Chris Bearden, the Mayor of the City of Tama, and the other from Steve Daniel from Fort Dodge in Webster County. Mr. Ketterer stated that rather than reading them verbatim, he would get copies to the Commission members. Mr. Ketterer stated the letters mirror Mr. Siegel's comments – the communities are supportive of going forward with a licensed casino, and that they are ready whenever the Commission is ready to consider an application process.

As there were no further public comments, Chair Cutler called on Commissioner Urban, who indicated one of the dilemmas facing the Commission at this point is the fact that Waterloo has not yet opened, and the Commission wants to see the impact of that facility on the rest of the state.

Commissioner Hamilton noted that when the Commission granted the four licenses two years ago, they indicated at that time they were going to wait until these four were up and running and the Commission had an opportunity to see the impact on the state and local region, as well as the other casinos before considering any additional licenses. Commissioner Hamilton stated she was going to stand by that statement.

Commissioner Bair stated that he agreed with the comments made by Commissioners Urban and Hamilton, but also noted that by this point in time the Commission indicated they would be looking at possible expansion at locations throughout the state. Commissioner Bair indicated it was difficult to establish a time frame at this time, noting that some of the facilities will be open a year this spring. He voiced his hope that Waterloo would be opening soon and that he would like to give them a few months of operation prior to considering additional licenses in order to see the immediate impact after the newness wears off. Additionally, he would like to see how Riverside does this summer when patrons will be able to take full advantage of destination packages and the professional golf course. Commissioner Bair recommended the Commission move

cautiously, that they need to work with the existing properties, and feels it would be late this year before the Commission can earnestly begin looking at any expansion.

Commissioner Seyfer stated that he concurred with the previous comments, and feels the wisest position on this issue would be to wait until later this year or early next year before considering any further expansion.

Chair Cutler stated that she concurred with the comments made by the Commission on May 11, 2005 when the four licenses were granted and it was believed that all would be up and running at this time. Since Waterloo has not yet opened, the Commission can not get accurate data in order to analyze the impact on existing properties, state, etc. She indicated that it would probably be early 2008 before the Commission entertained this discussion again.

At this time Chair Cutler moved to the renewal of the excursion gambling boat licenses, advising that they would be approved en masse, including the contracts, with the Commission reserving the right to ask any questions at the April Commission meeting concerning the renewal applications or contracts. She noted that all Commissioners had reviewed the material, and no one raised any questions, however, they are reserving the right to raise those issues at the April meeting if necessary.

Mr. Ketterer advised that Diamond Jo Worth, Catfish Bend Casino II in Burlington, and Wild Rose Clinton should be prepared to provide construction/progress updates at the April meeting. He suggested approving all of the licenses except Black Hawk County Gaming Association/IOC Black Hawk County, Inc. in order to allow them an opportunity to address the Commission regarding the proposed opening date.

Chair Cutler requested a motion to approve the license renewal applications of the excursion gambling boat licenses except Waterloo.

Commissioner Seyfer moved to approve the following license renewal applications:

- Iowa West Racing Association/Ameristar Casino Council Bluffs, Inc. d/b/a/ Ameristar Casino;
- Iowa West Racing Association/Harveys Iowa Management Co., Inc., d/b/a Harrah's Council Bluffs Casino Hotel;
- Scott County Regional Authority/Isle of Capri Bettendorf, L.C. d/b/a/ Isle of Capri Bettendorf;
- Riverboat Development Authority/IOC Davenport, Inc. d/b/a/ Rhythm City Casino;
- Washington County Riverboat Foundation, Inc./Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort;
- Clarke County Development Corporation/HGI-Lakeside, Inc. d/b/a Terrible's Lakeside Casino Resort;

- Missouri River Historical Development, Inc. /Belle of Sioux City, L.P. d/b/a/ Argosy Casino Sioux City;
- Worth County Development Authority/Diamond Jo Worth, LLC d/b/a Diamond Jo Worth;
- Dubuque Racing Association/Peninsula Gaming Company, LLC d/b/a Diamond Jo;
- Upper Mississippi Gaming Corp. /Isle of Capri Marquette, Inc. d/b/a Isle of Capri Marquette;
- Southeast Iowa Regional Riverboat Commission/Catfish Bend Casinos II, L.C. d/b/a Catfish Bend Casinos II;
- Clinton County Community Development Association/Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton; and
- Palo Alto County Gaming Development Corporation/Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg.

Commissioner Urban seconded the motion.

Commissioner Bair suggested that Commissioner Cutler see if there was anyone representing the licensees that would like the opportunity to address the Commission at this time. Seeing and hearing none, Chair Cutler called for the vote. The motion carried unanimously. (See Order No. 07-23)

Chair Cutler called on Black Hawk County Gaming Association/IOC Black Hawk County, Inc. d/b/a The Isle Casino & Hotel Waterloo. Kim Hardy, General Manager, advised the Commission that IOC Black Hawk is hoping for a Certificate of Occupancy in mid-June, and to open the doors to the public 10-12 days after that, with the latest possible opening date being July 1st.

Mr. Hardy, noting that the information had not been previously shared with the Commission, advised that Isle of Capri experienced a 12-week delay in steel, which they were hoping to be able to make up due to the staggered construction between the hotel and casino. They have not been able to erase the 12-week delay, which is causing the delay in getting the facility opened.

Commissioner Bair expressed his concern about the projected opening date, and the amount of revenue being lost by the state, which is in the thousands of dollars every day. He wondered if there was any way to expedite the construction process. Chair Cutler stated that she thought the amount of revenue being lost by the state amounted to around \$50,000 per day.

Mr. Hardy assured the Commission that from the owners down to the contractors, everything possible is being done to expedite the process. He noted that the situation is outside his control, and is a very frustrating situation for him as well.

Commissioner Bair asked Mr. Ketterer if there was anything the Commission could do in this situation. Mr. Ketterer advised that the Commission has the authority to fine, suspend, issue, renew or revoke licenses. Chair Cutler asked if it was possible for the Commission to establish a date certain by which they felt the project should be completed, and if it was not, could assess a fine of a certain dollar amount per day

Commissioner Urban noted that she had asked about an opening date at the January meeting and was told May, when the Commission was expecting April, and they are now being told it could be as late as July. Mr. Hardy stated that he could not respond to the date provided in January, but noted that the proposed opening date has been moved in either direction several different times in an effort to open the facility at the earliest possible date in the safest way possible. He noted that different individuals have differing opinions on when that could be accomplished, and then something would occur in the process causing another delay, moving the May date to June. Mr. Hardy, noting that this is his first time before the Commission since being reassigned, stated that he was not aware there was an issue with the opening date until he read the comments in the newspaper following the January Commission meeting. Until that time, he did not realize the project was that far behind expectations. He indicated that Isle has done everything possible to expedite the project.

Commissioner Seyfer asked about the two-week delay between receiving the Certificate of Occupancy and the actual opening date. Mr. Hardy advised that it would give management and staff an opportunity to get the property ready for business – slot machines, kitchen wares, etc. He indicated that staff is working on that process at this time in order to expedite that timeline as well.

Commissioner Bair asked for a detailed explanation of the opening delays going back to the proposed date utilized in the original application prior to the April Commission meeting. He again referenced the lost revenue to the state, as well as the lost entertainment to area residents.

Chair Cutler stated that she would like to see a date certain, which she feels should be no later than the middle of June at which time the Commission would hold discussions as to whether to levy a fine on a per day basis for every day past that date. She indicated there was probably some date set out in the construction contracts for completion of the project, or the contractors would be facing penalties.

Mr. Hardy advised that the construction schedule and expense has been expedited going back for the last six weeks. He indicated he would prepare the written statement requested by Commissioner Bair.

Hearing no further discussion concerning the license renewal for Black Hawk County Gaming Association/IOC Black Hawk County, Inc. d/b/a The Isle casino & hotel waterloo, Chair Cutler requested a motion.

Commissioner Bair moved to approve the license renewal application of Black Hawk County Gaming Association/IOC Black Hawk County, Inc. d/b/a The Isle casino & hotel waterloo, subject to providing the information requested by the Commission. The motion was seconded by Commissioner Urban, which carried unanimously. (See Order No. 07-24)

Chair Cutler called on Catfish Bend Casinos II, LLC regarding their request for approval of the merger of Catfish Bend Casinos II, LLC (CBC II) and Huckleberry Entertainment, LLC into Great River Entertainment, LLC. Gary Hoyer, legal counsel, advised the Commission that member meetings have been held at both the CBC II and Huckleberry Entertainment levels. Huckleberry has approximately 610 shareholder members, 93.9% of the members cast votes, and of that 99.7% voted in favor of the merger. On the CBC II side, 93.5% of the members cast votes with 94.1% of those voting yes, meaning both sides substantially exceeded the required 60% level.

Commissioner Hamilton stated that at the April meeting she would like to walk through, via a diagram, from the beginning of Huckleberry and CBC II through the various mergers to the final company, Great River Entertainment.

Mr. Hoyer stated that in the most simplistic form, through CBC and Huckleberry, a parent holding company is being created. Both sets of ownership are exchanging their shares/units for units in the parent holding company. The holding companies will be single member entities owned by the parent company.

Hearing no further comments or questions for Mr. Hoyer, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the merger of Catfish Bend Casinos II, LLC and Huckleberry Entertainment, Inc. into Great River Entertainment, LLC. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-25)

Chair Cutler called on Mr. Ketterer for Administrative Business. Mr. Ketterer advised that a question had been raised as to whether the motion approving the license renewals for the excursion boats included the additional contracts. He suggested the Commission do a separate motion. Chair Cutler requested a motion to approve the additional contracts for the excursion boat licensees. Commissioner Hamilton moved to approve the following additional contracts as submitted:

- Ameristar Casino
 - Absolutely Fresh Seafood – Seafood Purchases
 - Fulfillment Xcellence Inc. – Mail House
 - Hartford Specialty Company – Insurance Provider

- Harrah's
 - Players Travel – VIP and Group Travel Arrangements
 - Premier Midwest – Beverage Vender
- IOC Bettendorf
 - Premier Linen & Dry Cleaning – Laundering Services for Hotel Linens
 - Gaming Partners International – Provide Specialized Radio Frequency Identification (RFID) Gaming Chips
- Riverside Casino & Golf Resort
 - Pohaku – Marketing – Prospect for Test Campaign
 - Altofer, Inc. – Repair & Maintenance Agreement – Lift Truck
 - Trane – Maintenance Agreement – Chillers
- The Isle casino & hotel waterloo
 - Isle of Capri, Booneville, MO – Transfer of Roulette Wheel for Table Games School
 - International Gaming Technology – Purchasing Slot Accounting System, Table Games Accounting System and Slot Machines
 - Aristocrat Technologies, Inc. – Purchase Slot Machines
 - Konami Gaming, Inc. – Purchase of Slot Machines
 - WMS Gaming – Purchase of Slot Machines
 - Bally Technologies – Purchase of Slot Machines
 - Atronic Americas, LLC – Purchase of Slot Machines
 - AC Coin and Slot Service Company – Purchase of Chairs, Slot Bases, Slot Machine Rental Fee
 - Midwest Gaming Supply Co. – Purchase of Tables, Roulette Wheels, and Table Game Layouts
 - VSR Industries – Purchase of Locks
 - Gaming Partners International – Provide Specialized Radio Frequency (RFID) Gaming Chips, Table Game Equipment, Table Game Layouts
 - Gemaco – Provide Table Game Cards, Table Game Dice and Table Game Layouts
- Lakeside
 - AC Coin & Slot Service Company – Slot Leases, Parts & Supplies
 - Shuffle Master – Lease Games & Table Supplies
- Diamond Jo Worth - True Concepts – Construction of a Maintenance Building/Shed at Pheasant Links
- Diamond Jo
 - Port of Dubuque Public Parking Facility Development Agreement between the City of Dubuque, Iowa and Diamond Jo, LLC

- Maintenance Services Agreement between the City of Dubuque, Iowa and Diamond Jo, LLC
 - Real Estate Ground Lease by and between Diamond Jo, LLC and Dubuque County Historical Society
 - Offer to Purchase Real Estate, Acceptance and Lease between Diamond Jo, LLC and Dubuque County Historical Society
- Catfish Bend
 - Control Installations of Iowa, Inc. – Purchase of Surveillance Equipment
 - Cummins-Allison Corp. – Purchase of Count Room Equipment
 - IGT – Purchase of Slot Machine Equipment
 - Midwest Casino Supply – Purchase of Live Games
 - Midwest Game Supply – Purchase of Slot Machines
 - Tiger Direct – Purchase of Computer Equipment
 - WMS Gaming, Inc. – Purchase of Slot Machines
- Wild Rose Emmetsburg - Atlantic City Coin & Slot Service – Equipment Lease

Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-26)

Mr. Ketterer advised that the Notice of the Horse Racing Promotion Fund was attached to the agenda and was also available on the Commission's website: www.iowa.gov/irgc/. Requests to receive the available funds are due in the Commission's Des Moines office by close of business on April 2, 2007.

Hearing no further business to come before the Commission, Chair Cutler requested a motion to adjourn. Commissioner Bair so moved. Commissioner Urban seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK